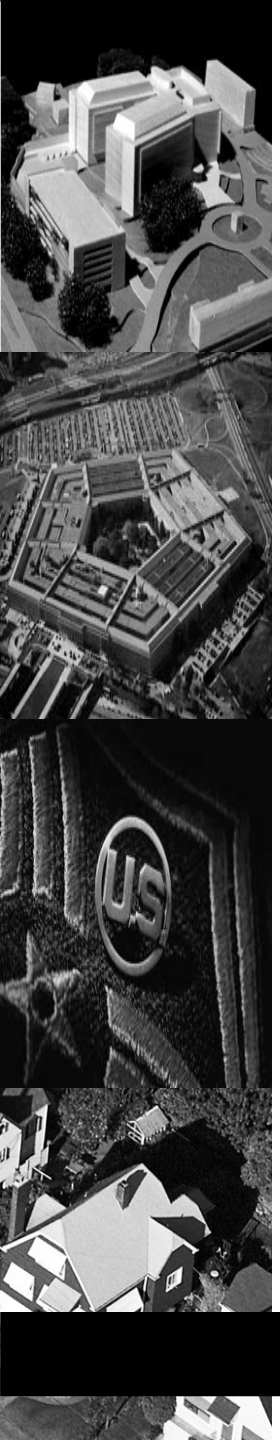
Hot Topics
In Enhanced Use Leasing

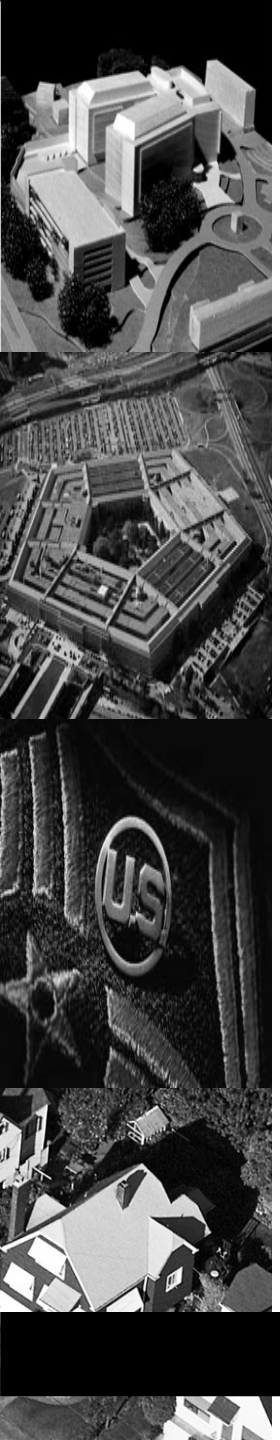
National Association of Installation Developers

10 August 2004



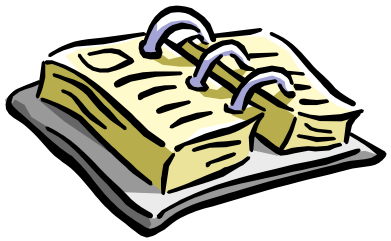
Today's Panel

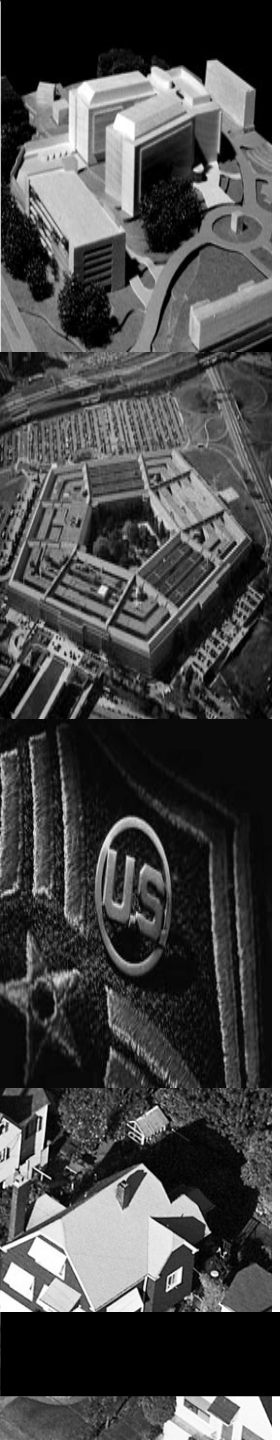
- **Kim Burke**, Ernst & Young, Moderator
- **Alan King**, Deputy to the Garrison Commander, Walter Reed Army Medical Center
- **Bob Penn**, Assistant Chief of Real Estate, Baltimore District, US Army Corps of Engineers
- **Anita Molino**, Principal, Bostonia Partners



Topics for Today's Discussion

- What's new with OMB scoring?
- How do you know if EUL is right for you?
- How do you maximize interest in your project?
- What are the emerging EUL construction trends?
- What are the emerging EUL financing trends?
- Q&A

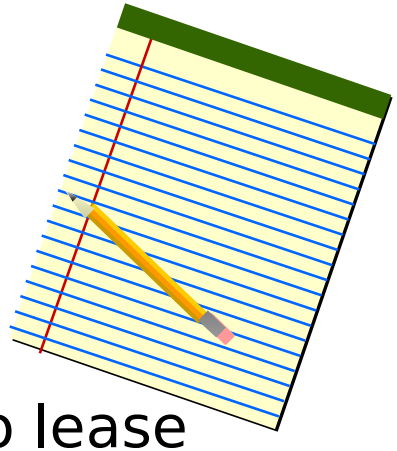




Today's Audience

- Did you attend the EUL panel at summer NAID conference?
- Are you currently working on an EUL project?
- Are you new to EUL?

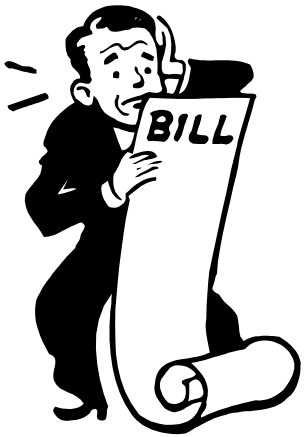
Pop Quiz



- Can EUL “income” (cash or in-kind consideration) be used to construct new facilities?
- Can in-kind consideration be used to lease properties or facilities under Base control?
- Can cash and in-kind be used to fund historic preservation?
- Can the installation (or government) lease space in an EUL building?
- Are there other tools in the “privatization toolbox”?

Scoring – What's That?

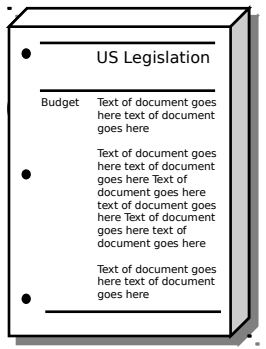
- What is the cost of new legislation?
- How much of an agency's appropriations will it have to use when it leases?



Scoring Legislation

- By Congressional Budget Office (CBO) to check if legislation exceeds congressional spending limits

- By Office of Management and Budget (OMB) to check if legislation exceeds budget


US Legislation
Budget
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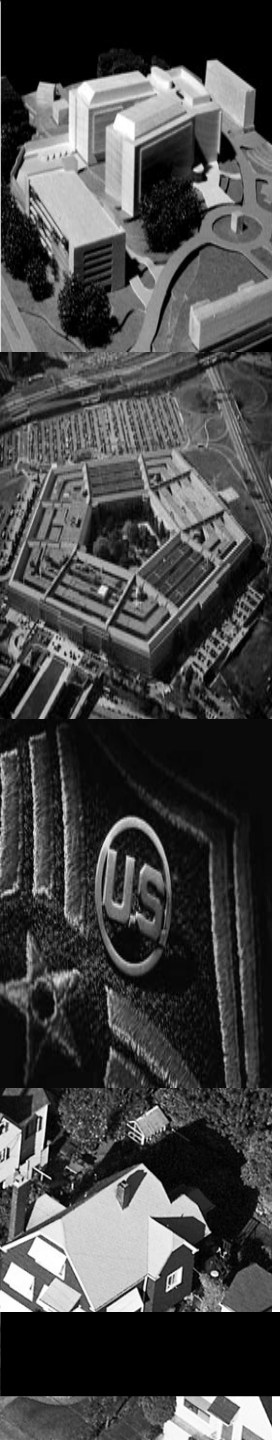
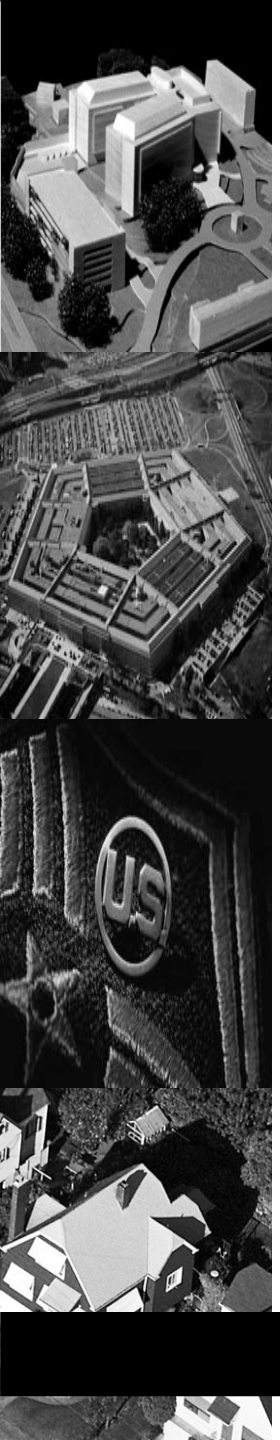


Scoring Obligations

- Antideficiency Act – no agency can obligate the Government to pay more than the amount appropriated

- Obligations in excess of appropriations are punishable by fines, dismissal, other personnel sanctions, and even imprisonment

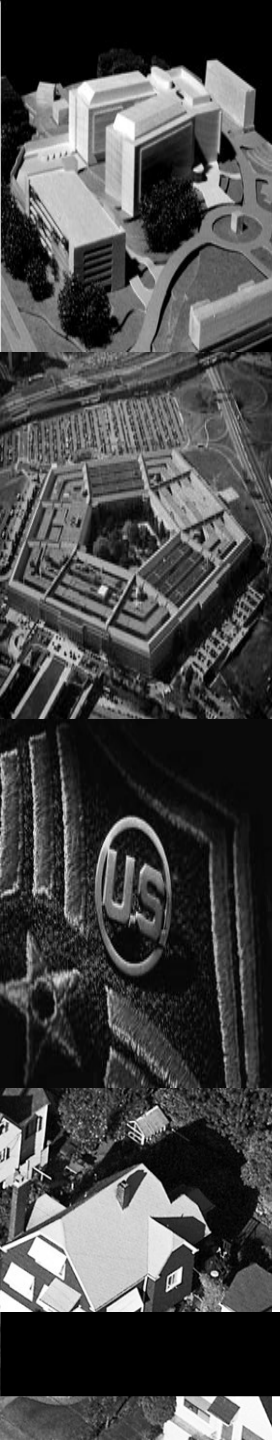


OMB Lessons Learned

In general, Section 2667 outleases (such as EULs) are not “scored.”

However, Circular A-11 requires OMB review payments for lease of space (“leasebacks”) in EUL building.

Prime Lease:	
Allowable	**Not Allowable**
☑ Can provide prime lease underused real property to developer (can be 50 yrs)	☒ Cannot link prime lease to federal leaseback of space
☑ Must transfer ownership risks and costs to developer	☒ Cannot provide federal guarantee of financing of developer
☑ Prime lease “in-kind rent” can include provision of services or office space	☒ Variable/contingent rent on prime lease could trigger capital lease on lease back
Federal Lease of Space:	
☑ Space secured through competition under “operating lease” guidelines	☒ Cannot link decision-making on space lease and contingent prime lease rent



Scoring – What's the Latest?

- What are OMB and CBO saying about Enhanced Use Leasing projects ?